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C O N F I D E N T I A L SECTION 01 OF 02 OTTAWA 001911

SIPDIS

E.O. 12958: DECL: 06/23/2015

TAGS: PARM CA PREL ETTC

SUBJECT: WASSENAAR BILAT MEETING WITH CANADA ON MAY 3

Classified By: POL M/C Brian Flora. Reason: E.O. 12958, 1.4 (b) and (d)

¶1. (SBU) Summary: NP/ECNP led an interagency delegation to Ottawa to hold bilateral consultations with Canada on various Wassenaar issues. The U.S. and Canada agreed to work together in an effort to make progress on enhancing controls over items of terrorist use; individual reporting of items Very Sensitive List (VSL) items; dual-use denial consultation; and developing a Best Practices document for Intangible Transfers of Technology. In addition, both sides shared their opinion of potential future expansion of the Arrangement. End Summary

¶2. (SBU) State, Commerce, and Defense officials met with Canadian officials from the Department of Foreign Affairs and International Trade on May 3 to discuss long-standing and priority issues in the Wassenaar Arrangement. With regard to terrorism controls, discussion centered on Wassenaar's procedures for identifying new terrorist-related items/technologies. These call for the Ad-Hoc Group of Security and Intelligence Experts to identify such commodities and forward them, via the General Working Group (GWG), to the Experts Group (EG) for study and analysis. Canada opined the process lacks specificity and does not provide the EG with necessary background and details as to why the items were referred to the EG. It was noted that meaningful work is hampered because there is no agreed definition of "terrorism." Both sides agreed to collaborate on ways to improve procedures and consider other measures to promote progress in this area.

¶3. (SBU) Canada has had a proposal on the table since 2003 that would require Participating States to report individual transfers of Very Sensitive List (VSL) items, instead of the current procedure of submitting an aggregate report. Progress last year was held-up, because some EU countries said it would not be possible to adopt such a measure if all the EU countries were not members of Wassenaar. With this concern mostly addressed (Cyprus has not been invited to join, because Turkey is blocking its membership.) Canada thought progress would be able to be made this year and planned to discuss this issue on the margins of the May 19-20 Wassenaar meeting instead of re-issuing the document.

¶4. (SBU) Another USG priority is obtaining agreement to add a dual-use denial consultation mechanism to Wassenaar. The U.S. does not believe such a mechanism would be an undue burden to Participating States and would be relevant to a limited number of items on the dual-use control list. So far only Russia opposes, though it is possible that France may voice objections. Canada agreed to talk off-line to both countries at the upcoming Wassenaar meeting to try to find out details of the objections.

¶5. (SBU) Canada supports the U.S. proposed Best Practices for Intangible Transfers of Technology, but thought other Participating States would have difficulty with the language on "in-country transfers." The GOC agreed to work with the U.S. to see if alternative language could be found that would facilitate Wassenaar-wide consensus.

¶6. (SBU) Canada submitted a counter-proposal to the U.S. proposal on Global Navigation Satellite Systems (GNSS) at the April Experts Group meeting. The U.S. thanked Canada for this proposal and said it is being worked through the system. Canada's EG official said the intention of their counter-proposal was to move forward to enable control of newer types of technology that are not currently controlled. Canada believes the GNSS control might have to be updated once GPS are in place, but at least the discussion was moving toward the technical aspects and away from the political issues.

¶7. (SBU) Membership and the Licensing and Enforcement Officers Meeting (LEOM) were the last two agenda items. Canada suggested that Wassenaar should consider the MTCT model, which has created a permanent co-chair. This allows for continuity and enables the group to have much more substantive discussions. Both sides agreed there needs to be better coordination and reporting between the LEOM and GWG.

¶8. (C) On membership, both sides agreed that Wassenaar needed

to be cautious in its expansion. It makes sense to expand where practical. South Africa has recently applied. The U.S. said it has not begun review of South Africa's application, because we wanted to resolve the issue of the other applicants first. Canada said it has concerns about South Africa, particularly how it is dealing with unscrupulous arms brokers.

19. (U) USDEL has approved/cleared this report.

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